

The future of the retail industry in the metaverse

The retail industry has opted for an omnichannel approach in the past decade, wherein brands have been looking at combining physical and digital retail. To bridge the gaps between physical and digital retail experiences, brands are exploring the use of the metaverse to provide an immersive and multisensory experience to their customers, which is lacking in the present digital scenario. The metaverse is a promising space. Coupled with augmented and virtual reality (AR/VR) devices, it can transform the retail industry considerably.

The retail sector currently faces challenges and heavy competition on multiple fronts such as customer service, active customer engagement, customer retention and loyalty building. To address these issues, players are looking at the metaverse as a solution to recreate the in-store experience of not only physical clothing stores but also furniture and automobile showrooms, etc.



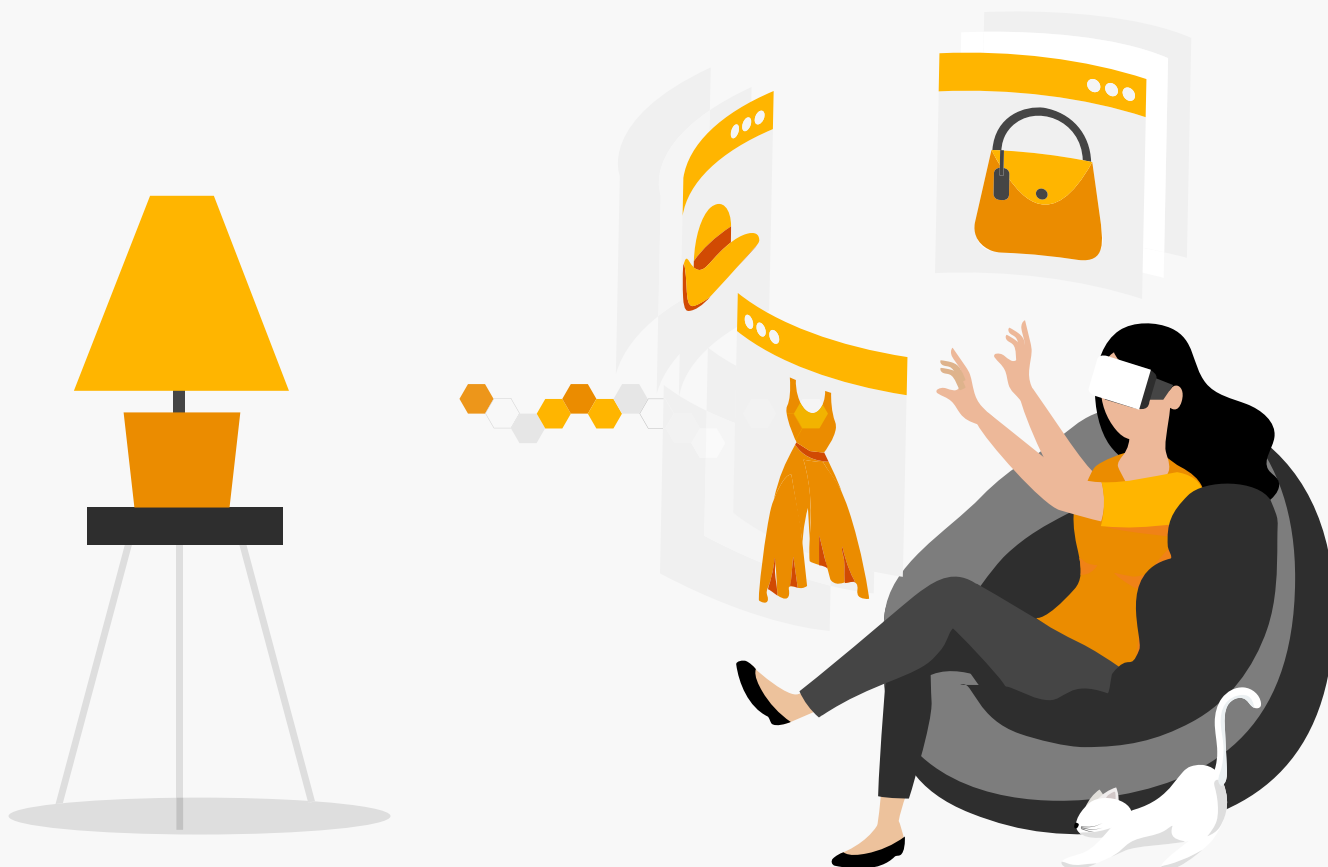
Immersive shopping experience

Retail stores can offer customers better engagement and a 3D visual experience through the metaverse by effectively closing the 'immersive experience' gap. Presently, popular online shopping platforms are unable to provide such an experience, and this results in customers opting for offline product try-outs followed by an online purchase (showrooming), or drop-offs. In the metaverse, customers will be able to try out various products from the comfort of their homes while avoiding the exertion that shopping in physical stores could involve.

Many brands that have embraced the metaverse concept have introduced their shoppers to a virtual shopping experience. This enables shoppers to venture around all the floors of the store, try on items and buy them – all without leaving their homes. For example, a famous retail clothing brand has launched its first virtual store that allows customers to shop in a 3D environment. Another leading cosmetic brand has adopted AR and VR through a make-up app that uses facial recognition to allow customers to try on products remotely.

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Shopping with avatars

An important attribute of the metaverse is the use of personalised digital avatars. This provides brands with deeper real-time insights into their customers' preferences. Brands can use these insights to improve their services and build customer loyalty. For example, some luxury brands have started selling virtual handbags and accessories for digital avatars in the metaverse. This concept of virtual bags and other fashion accessories will help in brand positioning because as the metaverse expands and people become more brand conscious with respect to their avatars, it's likely that the prices of these designer goods will increase. As a result, more luxury brands will start selling virtual clothing and accessories.

Integrating branding and marketing in the metaverse

A metaverse store can be accessed from any part of the world. Thus, the metaverse can help brands increase their visibility and widen their customer base. A good space for branding and positioning ads in the metaverse is within online games. This includes selling clothing to digital avatars and the creation of co-branded virtual environments where gaming interactions take place. For example, a multinational consumer goods cooperation recently partnered with a gaming platform to create realistic skin types for player avatars, such as various facial features. Hence, branding in the metaverse can prove to be a game changer.

Attractive marketing

Another way for retailers to use the metaverse is through targeted and segmented marketing. Retailers launching new product lines in the metaverse can gamify their offerings and products. This is an attractive marketing exercise that could increase the average time spent by a customer on the brand. This innovative gamified activity could also attract customers, especially the Gen Z demographic, to try the products.

Way forward

It's important that retail players explore the metaverse and prepare to adopt it for digital asset creation. As this technology evolves and more enterprises establish a presence, businesses that seamlessly blend the two worlds – physical and virtual – and deliver quality consumer experiences across the board are the ones that are likely to succeed.

How can we help you?

PwC has a robust structure in place to help you understand the impact of the metaverse on various business areas. Through our tinkering workshops, we bring together consultants and industry professionals to help you understand this technology and chalk out your organisation's metaverse roadmap.

We can work with you to identify and prioritise metaverse application use cases based on their potential for generating business value.

Rapid prototyping

Through our Technology Tinkering Lab, we help you explore potential applications of the metaverse via demonstrations of real-world use cases. Join us at the Technology Tinkering Lab to co-create impactful solutions for the retail industry.

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Contact us

Ashootosh Chand

Partner, Digital and Emerging Technologies
PwC India
ashootosh.chand@pwc.com

Yasha Pandit

Director, Digital and Emerging Technologies
PwC India
yasha.pandit@pwc.com

Contributors

Kalaivani Krishnamourthy
Tanvi Vakil
Avneesh Narang

pwc.in

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